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Chief, Reports Division

7 October 1952

Deputy Chief, Materials Division

Informal Comments on IP-322 - Estimate of U.S. aid required by Albania for one year in the event of a Soviet withdrawal.

1. The maximum dollar figure of the \$12 million to \$16 million range estimated in the paper rests on a dubious calculation. It is derived from \$1 million lek import surplus converted to dollars at the official Albanian rate of 37 lek to the dollar. A few sentences above, the paper states that "even at 50:1 the lek was generally considered overvalued by some 600%." OIR believes the lek-dollar ratio is meaningful only for import and export transactions." This should be clarified. If the lek is overvalued by 600%, it is not meaningful for import and export calculations and the indicated import surplus is only 2.7 million dollars instead of \$16 million.
2. The rest of the paper does not support so narrow a range of estimates of aid. The minimum figure should really be the \$3 million estimated value essential consumer goods (bottom p. 2). The maximum depends on the volume of desirable (but not necessarily essential) investment. Of the three commodities mentioned on p. 3 only chromite is an especially attractive investment. To the best knowledge of the Non-Ferrous Branch, copper deposits in Albania are not significant. Current production is around 1000 metric tons. The crude oil is poor quality and could not be considered as very important for the Western Defense effort, considering alternative sources of crude. The 150,000 ton refinery on which construction has just begun would probably be a marginal investment for the west.
3. On the other hand, there are indications that some of the chromite deposits are high grade metallurgical ore of a size justifying considerable investment in the light of the present shortage of chromium. The Ferrous Metals Branch does not feel that data is available to estimate a dollar figure of desirable investment, but believes that it might well be, if the deposits are good, considerably larger than \$15 million. This is to say that there is much more uncertainty in the U.S. aid that would be desirable than the estimate indicates.

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4. Other comments.

- a. On p. 2 the list of recent investment projects in Albania should include the Korce sugar refinery and possibly the oil refinery.
- b. On p. 2, 60,000 men in army and police is 5% not 5% of population.
- c. I don't see why we would be required to finance the army. Presumably Albania will pay for something out of taxes (p. 2, d.)

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